

VZCZCXRO4893
PP RUEHTRO
DE RUEHTU #2742/01 3131606
ZNR UUUUU ZZH
P 091606Z NOV 06
FM AMEMBASSY TUNIS
TO RUEHC/SECSTATE WASHDC PRIORITY 2191
INFO RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0808
RUEHAS/AMEMBASSY ALGIERS PRIORITY 7332
RUEHLO/AMEMBASSY LONDON PRIORITY 1204
RUEHNK/AMEMBASSY NOUAKCHOTT PRIORITY 0796
RUEHFR/AMEMBASSY PARIS PRIORITY 1657
RUEHRB/AMEMBASSY RABAT PRIORITY 8251
RUEHTRO/AMEMBASSY TRIPOLI PRIORITY 0424
RUEHCL/AMCONSUL CASABLANCA PRIORITY 4010
RUEAWJB/DEPARTMENT OF JUSTICE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY

UNCLAS SECTION 01 OF 03 TUNIS 002742

SIPDIS

SIPDIS

STATE FOR NEA/MAG (HARRIS), INL
JUSTICE FOR AFMLS, OIA AND OPDAT
TREASURY FOR FINCEN AND EB/ESC/TFS
LONDON AND PARIS FOR NEA WATCHER

E.O. 12958: N/A

TAGS: [EFIN](#) [KCRM](#) [KTFN](#) [TS](#)

SUBJECT: TUNISIA - INTERNATIONAL NARCOTICS CONTROL STRATEGY
REPORT PART II, FINANCIAL CRIMES AND MONEY LAUNDERING

REF: STATE 157136

¶1. (U) Tunisia is not considered an important regional financial center due in large part to the very strict control exercised by the Central Bank over financial transactions, particularly those involving foreign currency. There is no discernible money laundering activity reported to be occurring in Tunisia. Since 2003, Tunisia has taken important steps to create a legal framework for the monitoring, investigation and prosecution of money laundering and financial crimes. By creating an interagency Financial Analysis Commission headed by the Central Bank Governor, Tunisia has also established effective oversight and coordination capabilities.

¶2. (U) In December 2003, the Tunisian Parliament passed Law No. 2003-75, a comprehensive counterterrorism and anti-money laundering law, to support international counterterrorism efforts and to establish more severe sentences for individuals convicted of terrorist acts. This law makes it a crime to provide financial assistance or any other type of support to terrorist activities, and provides for the freezing of assets. Those suspected of violating the law can be exempted from charges, however, if they report a planned terrorist action to authorities. Money laundering is punishable where false information is proffered relating to the illicit origin of property or income arising directly or indirectly from an offense. Money laundering is also defined as investing, depositing, transferring or safekeeping of property or income resulting from an offense. The law does not delineate specific crimes; rather it broadly states that money laundering related to "a crime or infraction" is illegal. Tunisia's 1992 law (Law No. 1992-52) against narcotics trafficking also includes provisions that contribute to combating money laundering. Under Articles 2 and 30 of Law No. 1992-52, anyone aiding in narcotics operations or the transfer of proceeds in connection with these operations, including financial institutions, can be prosecuted.

¶3. (U) The Tunisian penal code also allows for the sequestering, confiscating, or seizure of assets and property in certain situations, including narcotics trafficking and terrorist activities. The definition of "assets" is broad

and covers any number of financial or physical assets. Financial assets are traced by the Central Bank and Financial Analysis Commission, each of which has broad powers for investigating and seizing financial assets. Following an initial freeze of assets, authorities have four days to present additional supporting evidence before the assets must be released. At any time, the reviewing magistrate can release frozen assets if he/she determines the evidence does not support such measures. Tunisia has no legal provisions for sharing seized criminal assets with other governments. The Financial Analysis Commission reports that it has never had to freeze assets in response to money-laundering or terrorist finance accusations.

¶4. (U) In 2003, Tunisia created an interagency Financial Analysis Commission that includes representatives from the Central Bank, Ministry of Finance, Ministry of Interior, Customs and the judiciary. The Central Bank Governor acts as head of the commission, which has both an investigatory and advisory role in combating money laundering and terrorist financing. The Financial Analysis Commission has oversight functions for banks, non-banking financial institutions such as stock brokerages, insurance companies and casinos, intermediaries such as lawyers as well as non-governmental organizations. Under Law 2003-75 all institutions or intermediaries must report any suspicious, or unusual, transactions to the Tunisian Financial Analysis Commission and freeze related accounts. Financial institutions are also required to report all transactions above 5,000 dinars (3,780 USD). Law 2003-75 also imposes obligations on all financial institutions to gather full identifying information for personal and business accounts. Additionally, all bookkeeping, accounting, and supporting documentation, in

TUNIS 00002742 002 OF 003

both paper and electronic form, must be maintained for 10 years. In April 2006, the Financial Analysis Commission issued a directive ordering all Tunisian banks to designate a compliance officer, who will correspond directly with the Financial Analysis Commission. Banks report regularly receiving the U.S. Government and United Nations 1267 Sanctions Committee freeze lists from the Central Bank.

¶5. (U) The Central Bank retains strict control over foreign currency operations due to the general non-convertability of the Tunisian dinar. The export of Tunisian dinars, by either residents or non-residents, is strictly prohibited. Bearer financial instruments or shares are strictly prohibited (Act No. 35 of 2000). Only certain categories of individuals and businesses are allowed to open foreign currency or convertible dinar accounts and all of these accounts are monitored by the Central Bank. There are no "secret" or numbered accounts allowed in Tunisia.

¶6. (U) Although all fund transfers must go through formal banking institutions or the National Post Office, these restrictions and currency exchange controls may encourage underground methods of moving money or transferring value in and out of the country. Remittances from abroad are a major source of hard currency, though there is no evidence of an organized alternative transfer system such as hawala. A significant black market in consumer goods does exist in the country but is not believed to be funded by illicit proceeds. Residents are generally prohibited from holding or exporting foreign currency except for certain purposes such as travel or business and are limited in the value of foreign currency. Non-residents entering Tunisia with foreign currency or other instruments are required to declare the total amount if they wish to re-export a portion (not exceeding 1,000 dinars or approximately 755 USD) or deposit any of the money in a Tunisian bank. Non-residents do not need to declare currency exports under 1,000 dinars. Customs may at any time require declarations for gold or securities.

¶7. (U) All offshore financial institutions are held to the same regulatory standards as onshore financial institutions.

Offshore financial institutions undergo the same due diligence process as onshore banks and are licensed only after the Central Bank investigates their references and the Ministry of Finance approves their application. Anonymous directors are not allowed. Tunisia currently has eight offshore banks and a considerable number of offshore international business companies. Offshore international business companies are subject to all regulatory requirements, except for tax requirements and currency convertability restrictions. There are five casinos in Tunisia. Although Tunisians are not legally permitted to use them, in practice Tunisians are able to circumvent this restriction.

18. (U) Tunisia has two free trade zones, in Bizerte and Zarzis, with a limited number of companies manufacturing products for export. There are no offshore financial institutions located in either free trade zone. There have been no reports of trade-based money laundering or terrorist financing activities using either free trade zone. Government customs officials are present on site at the free trade zones and at qualifying companies to supervise export activities. Prior to opening a business in one of the two free trade zones, the company must conclude a contract with the free trade zone authority outlining project details, but are not required to produce a company history.

19. (U) Tunisia is a founding member of the Bahrain-based Middle East North Africa Financial Action Task Force (MENAFATF), approved in November 2004. Tunisia is a party to both the 1988 UN Drug Convention and the 1999 UN International Convention for the Suppression of Financing of Terrorism. Tunisia has signed and ratified the UN Convention against Transnational Organized Crime. Tunisia signed the UN Convention Against Corruption in 2004, but has not yet ratified the agreement. Tunisia has bilateral agreements on

TUNIS 00002742 003 OF 003

"criminal matters" with 29 countries and is party to 12 international agreements on counterterrorism.
BALLARD